

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)

MEGA LIFE AND HEALTH)
INSURANCE COMPANY)

An Authorized Insurer.)
_____)

No. D05 - 98

ORDER TO CEASE
AND DESIST

TO: Mega Life and Health Insurance Company
1331 W. Memorial Road - Suite 112
Oklahoma City, OK 73114

Pursuant to RCW 48.02.080, the Insurance Commissioner orders Mega Life and Health Insurance Company ("MEGA") and its officers, directors, employees, trustees, agents, and affiliates ("Respondents") to immediately cease and desist from:

- A. Marketing, selling, issuing, or delivering in Washington or to Washington residents individual policies, or certificates under group policies, that use or incorporate policy forms or provisions that do not comply fully with the Washington Insurance Code, and from
- B. Marketing, selling, issuing, or delivering in Washington or to Washington residents individual policies, or certificates under group policies, that use or incorporate policy forms or provisions which have not been filed with the OIC or that have been disapproved by the Insurance Commissioner.

This Order shall not prevent Respondents from processing and paying claims or otherwise fulfilling contractual commitments to insureds who purchased insurance prior to the date of this Order.

THIS ORDER IS BASED ON THE FOLLOWING:

1. MEGA is a health carrier as defined in RCW 48.43.005(18) whose policies are subject to the provisions set forth in chapter 48.43 RCW.

2. The Office of Insurance Commissioner ("OIC") determined that a number of MEGA policy forms were inconsistent with Washington law and on October 19, 2004, disapproved the following MEGA policy forms: (1) 25311-WA, Basic Hospital Expense Certificate; (2) WA-DIA (4/96), Washington Disclosure Document; (3) 25324-WA, Accident Expense Benefit Rider; (4) 25323, Pregnancy/Childbirth Benefit Rider; (5) 25326, Outpatient Testing and Therapy Benefit Rider; (6) 25327, Outpatient Radiation Therapy and Chemotherapy Rider for Cancer Treatment; (7) 25332, Outpatient Care Rider; (8) AE SG WA (9/04), Amendatory Endorsement Pre-Existing Condition; (9) AE 25311, Amendatory Endorsement; (10) M/WA-DIS (01/03), NASE Disclosure Statement; (11) M/WA-DIS (01/03), AFS Disclosure Statement; and (12) M/WA-DIS (01/03), ABC Disclosure Statement. The OIC's disapproval letter to MEGA specifically advises that "The filings are now disapproved and may not be sold until the products are filed in compliance with state and federal laws."
3. The OIC determined that MEGA's Small Group Amendatory Endorsement to 25311-WA form number AE SG WA (09/04) was inconsistent with Washington law and the OIC disapproved the form on October 21, 2004.
4. The OIC determined that MEGA's resubmitted form number 25311-WA, Basic Hospital Medical-Surgical Expense Certificate, was inconsistent with Washington law and the OIC disapproved the form on December 30, 2004.
5. The OIC determined that another submission by MEGA of form number 25311-WA, Basic Hospital Medical-Surgical Expense Certificate, was inconsistent with Washington law and the OIC disapproved the form on January 24, 2005.
6. The OIC determined that another submission by MEGA of its Basic Hospital, Medical-Surgical Expense Certificate, form number 25311-WA (12/04), was inconsistent with Washington law and the OIC disapproved the form on March 1, 2005.
7. The OIC subsequently learned that MEGA and its agents were continuing to sell health care coverage to Washington residents using these disapproved policy forms which did not comply with Washington law. MEGA's Washington Application Package and Group Basic Hospital Expense Insurance Plans obtained by the OIC and currently in use by MEGA in Washington contain additional policy forms and provisions that have not been filed with the OIC or that have been withdrawn.
8. WAC 284-30-600(3)(b) requires that any insurer marketing group insurance in Washington must file copies of all certificate forms and any other related forms providing coverage in Washington at least thirty days prior to use, and WAC 284-30-600(1)(f)(ii) requires that the policy or certificate providing coverage in Washington must meet the requirements as to benefits and coverage mandated by chapter 48.21 RCW and rules effectuating that chapter.
9. RCW 48.18.100 requires that forms of policies be filed with and approved by the Commissioner prior to use and that no policy form shall knowingly be issued or delivered as to which the Commissioner's approval does not then exist.

10. MEGA has violated the above-cited provisions by issuing and delivering to Washington residents substandard and legally noncompliant health care coverage and certificates of coverage under a group policy or policies for which the applicable forms have not been approved by the Commissioner, and MEGA has knowingly continued such conduct by using substandard and legally noncompliant policy forms which have been expressly disapproved by the Commissioner.

Any violation of the terms of this Order by Respondents, their officers, directors, agents, or affiliates, will render the violator(s) subject to the full penalties authorized by RCW 48.02.080 and other applicable Code sections.

Respondents have the right to demand a hearing pursuant to RCW Chapters 48.04 and 34.05. This Order shall remain in effect subject to the further order of the commissioner.

THIS ORDER IS EFFECTIVE IMMEDIATELY and is entered at Tumwater, Washington, this _____ day of March, 2005.

MIKE KREIDLER
Insurance Commissioner

By: _____
Charles D. Brown
Legal Affairs Division
Office of Insurance Commissioner
State of Washington